RECORD
AND
FILE

No. 15-1293

In the Supreme Court of the United States

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE, PETITIONER

v.

SIMON SHIAO TAM

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR THE PETITIONER

IAN HEATH GERSHENGORN
Acting Solicitor General
Counsel of Record
Department of Justice
Washington, D.C. 20530-0001
SupremeCtBriefs@usdoj.gov
(202) 514-2217

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The en banc court of appeals held that 15 U.S.C. 1052(a), which prohibits federal registration of trademarks that disparage persons, institutions, beliefs, or national symbols, is unconstitutional under the Speech Clause of the First Amendment to the Constitution. The court of appeals' facial invalidation of an Act of Congress warrants this Court's review. As the certiorari petition explains, the court of appeals' decision is fundamentally flawed, and the decision, if uncorrected, will effectively preclude the United States Patent and Trademark Office (PTO) from enforcing Section 1052(a)'s disparagement provision against any applicant for trademark registration.

Respondent agrees that this Court should grant certiorari to review the court of appeals' First Amendment holding. In addition to defending that holding, respondent makes two statutory arguments (one of

which was never raised below, and one of which was raised only in a substantially different form) and another constitutional argument in support of the judgment below. Those arguments lack merit and do not warrant this Court's review. In any event, respondent recognizes that his assertion of those alternative arguments provides no reason for this Court to deny review of the Federal Circuit's First Amendment holding.

A. The Court Should Review And Reverse The Court Of Appeals' Decision Invalidating Section 1052(a)'s Disparagement Provision

1. The en banc court of appeals invalidated the disparagement provision in 15 U.S.C. 1052(a) in all of its applications. See Pet. App. 20a n.5, 68a. Respondent agrees that the Court should review that holding. Resp. Br. 1, 10-13. The question presented is "undeniably important" (*id.* at 10), and the PTO has suspended action on trademark applications implicating Section 1052(a)'s disparagement provision while the government seeks review in this Court. This Court should grant review to provide the guidance necessary for continued operation of the trademark-registration system.

Respondent notes (Br. 11) that the First Amendment question also is presented in a petition for a writ of certiorari before judgment in *Pro-Football* v. *Blackhorse*, petition for cert. before judgment pending, No. 15-1311 (filed Apr. 25, 2016). Respondent agrees (Br. 11), however, that the petition in *Pro-Football* provides no reason to withhold or delay review in this case.[1]

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[1] As the government's brief in opposition to the *Pro-Football* petition explains, that petition should be denied because the case

2. Respondent defends the court of appeals' First Amendment holding by arguing that Section 1052(a)'s disparagement provision imposes an impermissible burden on expression. Resp. Br. 21-30. But Section 1052(a) does not prohibit any speech, proscribe any conduct, or restrict the use of any mark. See *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed. Cir. 2003) ("[T]he refusal to register a mark does not proscribe any conduct or suppress any form of expression because it does not affect the applicant's right to use the mark in question.").

Respondent may use any term he wishes in his songs, in his advertising, in his band's name, or in his mark. See Pet. 11-12; see also Pet. App. 105a (Lourie, J., dissenting) (respondent "may use his trademark as he likes" without federal registration). Nothing prevents him from "tak[ing] on stereotypes" about Asian-Americans (Resp. Br. 3) or using any words he likes—including the disparaging terms for African-Americans, women, and gay people he uses throughout his brief (*id.* at 2, 14, 19, 31-33)—in everyday speech or in his music.

Respondent therefore is wrong to characterize the denial of federal registration as a "burden" (Br. 25). Section 1052(a) does not make him any worse off than he would be in a pure free-market environment. The Lanham Act, 15 U.S.C. 1051 *et seq.*, provides certain

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does not meet the demanding standard for certiorari before judgment. *Inter alia*, the petitioner in *Pro-Football* raises several arguments in addition to its First Amendment challenge, and those alternative arguments, if accepted by the court of appeals, would obviate the need for further review of the First Amendment issue in that case. Gov't Br. in Opp. at 9-22, *Pro-Football*, *supra* (No. 15-1311).

rights and remedies to unregistered marks, see Pet. 3-4, 11-12; disparaging marks simply do not obtain the additional benefits of registration under the Act. The denial of those benefits is not a burden on respondent's speech.

Congress acted permissibly in declining to open the federal trademark-registration program to disparaging marks. This Court has recognized in a variety of contexts that the government has significant flexibility in setting the criteria for participation in a government program. See *Rust* v. *Sullivan*, 500 U.S. 173, 193 (1991); see also Pet. 14-17 (citing cases). The government has a substantial interest in creating a federal trademark-registration program and in declining to use its resources to encourage use of offensive or disparaging terms as marks. See Pet. App. 81a (Dyk, J., concurring in part and dissenting in part); *id.* at 117a (Reyna, J., dissenting).

Respondent identifies ways in which the federal registration system differs from those programs this Court already has considered. Resp. Br. 25-29; see Pet. 16-22. Those distinctions, however, ignore the unifying principle that animates the decisions cited in the certiorari petition, namely that First Amendment scrutiny is significantly more relaxed when the government establishes eligibility criteria for a voluntary government program than when it restricts private speech. Just as a State is not required to place racist, misogynistic, or bigoted terms on license plates issued by the State, see *Walker* v. *Texas Div., Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239, 2245-2250 (2015), the PTO is not required to use its resources to issue certificates of registration for marks containing disparaging terms, publish them in the PTO's *Official*

Gazette, and record them on the Principal Register. Pet. 15-16. And just as the government is not required to treat all speakers equally when it confers subsidies pursuant to a federal grant program, *National Endowment for the Arts* v. *Finley*, 524 U.S. 569, 572, 587-588 (1998), the PTO is not required to open the trademark-registration program to disparaging marks. That is especially true because the registration program concerns only commercial activity—the use of a mark to identify the source of goods and services in commerce—and does not restrict any expressive activity outside of the program.

3. Respondent asserts (Br. 2) that his mark should be registered because he is attempting to "reappropriat[e]" a racial slur and to use it as a "badge[] of pride." Respondent does not make clear whether he views his own lack of intent to disparage Asians as a ground for holding the statute unconstitutional as applied, or as a ground for holding that his mark does not "disparage * * * persons" within the meaning of Section 1052(a). In either event, respondent is wrong to suggest (Br. 14) that trademark registration should depend on the mark holder's intent—specifically, on whether a disparaging term is or will be "used with pride and understood that way." Under such an approach, the application of Section 1052(a) would depend on subjective judgments about the trademark owner's intentions, and thus would entail the very type of viewpoint discrimination that the Court generally disfavors. See Pet. 13 n.6. In implementing Section 1052(a), the PTO has appropriately avoided that result by using an objective test that applies without regard to whether a trademark holder intends to convey a

negative or positive message through use of a racial slur. See Pet. 5, 12-13.

B. Respondent's Alternative Arguments In Support Of The Judgment Below Lack Merit

In addition to defending the court of appeals' First Amendment holding, respondent contends that his mark is not "disparag[ing]" within the meaning of Section 1052(a), Resp. Br. 13-17; that Section 1052(a) does not apply to marks that disparage groups of people, but only to those that disparage particular individuals, *id.* at 17-21; and that Section 1052(a)'s disparagement provision is unconstitutionally vague, *id.* at 30-33. None of those arguments provides a basis for upholding the court of appeals' judgment.

1. Respondent contends (Br. 13-17) that Section 1052(a) does not bar registration of his mark because it is not "disparag[ing]." The en banc court of appeals disagreed and specifically reinstated the panel's holding that respondent's mark "is disparaging." Pet. App. 12a n.3. And the arguments that respondent presented to the court of appeals are significantly different from the arguments he now makes. In the Federal Circuit, respondent did not take issue with the PTO's two-part test for determining whether a mark is "disparag[ing]"; instead, he accepted that test and argued that the Board's conclusion was not supported by substantial evidence in the record. Resp. C.A. Br. 16-42; Resp. C.A. Reply Br. 5-19. Respondent does not contend that this fact-bound argument warrants this Court's review.

Instead, respondent now contends (Br. 15-16) that the PTO's test for identifying disparaging marks is infirm. The PTO administers the statutory provision at issue here by determining the meaning of a mark

and then asking whether that meaning is a disparaging one. Pet. App. 171a-172a; see *In re Geller*, 751 F.3d 1355, 1358 (Fed. Cir. 2014), cert. denied, 135 S. Ct. 944 (2015). As respondent acknowledges (Br. 15), the PTO's test for determining a mark's meaning considers "not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services." *In re Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215, 2010 WL 766488, at *3 (T.T.A.B. 2010).

Respondent's objection to the PTO's analysis is not that it fails to consider context, but that it does not turn on whether the owner of a disparaging mark has a good or bad intent. Although respondent argued below that he chose his mark with "good intentions," Pet. App. 181a, he did not contend that either the statutory or constitutional analysis depended on whether the mark holder intends offense, see Resp. Br. 2 n.1. In any event, although the PTO has historically considered objective circumstances going beyond dictionary definitions of particular terms, it has not treated the subjective intent of the would-be registrant as relevant to the determination whether a mark "[c]onsists of * * * matter which may disparage * * * persons, living or dead, institutions, beliefs, or national symbols." 15 U.S.C. 1052(a). The agency's objective approach is consistent with Section 1052(a)'s text, which focuses on the "matter" for which registration is sought, not on the state of mind of the would-be registrant. And, consistent with this Court's First Amendment doctrine, the agency's approach avoids having

the availability of the benefits of registration turn on the viewpoint of the registrant.

2. Respondent further argues (Br. 17-21) that Section 1052(a)'s disparagement provision applies to marks that disparage individuals, but not to marks that disparage groups of people. Respondent did not present that argument to the Board or the court of appeals.[2] The Court's ordinary practice in such circumstances is to decline to address the issue, see, *e.g.*, *Cutter* v. *Wilkinson*, 544 U.S. 709, 718 n.7 (2005) ("[W]e are a court of review, not of first view."), and the Court should adhere to that practice here. That course is especially appropriate because respondent identifies no court that has ever decided the issue.

In any event, respondent's new statutory argument is wrong on the merits. Section 1052(a) refers to a mark that contains matter disparaging "persons," 15 U.S.C. 1052(a), and persons of Asian descent are "persons." The Board has held that "persons" includes an ethnic group, see *Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215, 2010 WL 766488, at *2-*3, and that reasonable construction of the statute is entitled to deference, see *Chevron U.S.A. Inc.* v. *NRDC*, 467 U.S. 837, 843-844 (1984).

The PTO's construction makes particular sense in the context of the disparagement provision as a whole, which refers to disparagement of "persons, living or dead, institutions, beliefs or national symbols." 15 U.S.C. 1052(a). Congress's inclusion of "institutions," "beliefs," and "national symbols" makes clear that the provision is not limited to marks that disparage individual persons. While acknowledging that Section

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[2] None of the amici in the court of appeals raised this argument either.

1052(a) reaches disparagement of "collective entities," respondent contends (Br. 17-21) that Congress intended to cover marks that disparage individual persons, companies, institutions, beliefs, and national symbols, but to exclude marks that disparage groups of people. Respondent identifies no sensible reason that Congress would leave such a gap in an otherwise broad provision. If Congress had intended that result, it could have used the term "particular individuals" or similar language, as it did in Section 1052(c), rather than the more general term "persons." See 15 U.S.C. 1052(c) (prohibiting registration of a mark that consists of "a name, portrait, or signature identifying a particular living individual").

The Court generally is reluctant "to decide any constitutional question in advance of the necessity for its decision," *Clinton* v. *Jones*, 520 U.S. 681, 690 n.11 (1997) (citation omitted), and it could elect as a matter of discretion to overlook respondent's forfeiture below and consider his new statutory argument before deciding the First Amendment question. The government does not recommend that course because it would encourage litigants to raise new issues in this Court, instead of presenting them to the lower courts in the first instance. But if the Court grants certiorari on the First Amendment question and wishes to consider the statutory issue as well, it should explicitly request briefing on that issue in order to provide appropriate notice to the parties and potential amici.

3. Respondent further contends (Br. 30-33) that Section 1052(a)'s disparagement provision is unconstitutionally vague. That argument lacks merit, and neither the court below nor any other court of appeals has accepted it.

Respondent is wrong to suggest that a "stringent" vagueness test applies. Resp. Br. 30 (citation omitted). Section 1052(a) does not prohibit speech or impose any civil or criminal penalties, but simply precludes the federal government from providing a certain type of assistance to marks that contain disparaging terms. See *Boulevard Entm't, Inc.*, 334 F.3d at 1343; see also Pet. 11-12. When a statute neither prohibits nor penalizes speech, but simply confers benefits on speakers whose expression satisfies certain criteria, the vagueness standard is relaxed because there is less concern about chilling speech. See *Finley*, 524 U.S. at 588-589. Under that relaxed standard, the Court has upheld even criteria that are "undeniably opaque" because "in the context of selective subsidies," "the consequences of imprecision are not constitutionally severe." *Ibid.*; see *id.* at 599 (Scalia, J., concurring in the judgment) ("Insofar as it bears upon First Amendment concerns, the vagueness doctrine addresses the problems that arise from government *regulation* of expressive conduct, not government grant programs.") (citation omitted). Denial or cancellation of a trademark registration does not trigger civil or criminal penalties, and the PTO's denial of registration here left respondent free to use "THE SLANTS" as the name of his band and in any promotional materials he wished to disseminate (as he had for the previous five years, see Pet. App. 10a, 162a n.1).

The term "disparage" in Section 1052(a) has been given a settled legal meaning, applying to any mark that "slight[s], deprecate[s], degrade[s], or affect[s] or injure[s] by unjust comparison." *Geller*, 751 F.3d at 1358 (citations omitted; brackets in original). In applying that standard to determine whether particular

marks are registrable, the PTO does not allow its examiners to rely on their own subjective views, but rather directs them to consider whether record evidence establishes that a "substantial composite of the referenced group" would find the mark disparaging. *Ibid.* Because the agency uses an objective, established test for disparagement, the contours of which have been explored and elaborated in published administrative and judicial decisions, the public has fair notice as to the standards for, and evidence relevant to, determining which marks are unregistrable.

Respondent argues (Br. 32-33) that Section 1052(a) is arbitrarily enforced, citing instances in which superficially similar marks were treated differently during registration. But analysis of whether a mark is disparaging requires consideration of the mark's meaning in relation to the particular goods and services for which registration is sought and the context in which the mark is used. See *Boulevard Entm't, Inc.*, 334 F.3d at 1341-1343. The superficial similarities that respondent identifies therefore do not establish that the PTO has erred in treating different marks differently.

In any event, the PTO examines more than 300,000 trademark applications each year. If an individual PTO employee improperly allows a mark to be registered or improperly refuses registration, "such errors do not bind the USPTO to improperly register" or refuse to register similar marks in the future. *In re Shinnecock Smoke Shop*, 571 F.3d 1171, 1174 (Fed. Cir. 2009), cert. denied, 558 U.S. 1149 (2010). Congress authorized administrative and judicial review to ensure that such errors may be corrected, see 15 U.S.C. 1070, 1071, and if they are not, Congress authorized cancellation of erroneous registrations "[a]t any time," 15

U.S.C. 1064. Those provisions reflect Congress's recognition that registration errors occasionally occur. Thus, even if respondent could identify a clear inconsistency between particular registration decisions, there would be no sound basis for concluding that Section 1052(a)'s disparagement provision is incapable of principled application.

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For the foregoing reasons and those stated in the petition for a writ of certiorari, the petition should be granted.

Respectfully submitted.

IAN HEATH GERSHENGORN
Acting Solicitor General

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